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**STATE PERSONNEL SYSTEM,  
WELLNESS PROGRAM FOR STATE  
EMPLOYEES, AND VETERANS  
PREFERENCE IN STATE EMPLOYMENT**



**REPORT TO THE  
1989 GENERAL ASSEMBLY  
OF NORTH CAROLINA  
1989 SESSION**

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STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING

RALEIGH 27611



December 14, 1988

TO THE MEMBERS OF THE 1989 GENERAL ASSEMBLY:

The Legislative Research Commission herewith submits to you for your consideration its final report on State personnel. The report was prepared by the Legislative Research Commission's Committee on the State Personnel System, Wellness Program for State Employees, and Veterans Preference in State Employment pursuant to Sections 2.1(5), 2.1(35), and 2.3 of Chapter 873 of the 1987 Session Laws.

Respectfully submitted,

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Cochairmen  
Legislative Research Commission



1987-1988

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## PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is a general purpose study group. The Commission is co-chaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

At the direction of the 1987 General Assembly, the Legislative Research Commission has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Co-chairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Co-chairs, one from each house of the General Assembly, were designated for each committee.

The study of the State Personnel System, Wellness Program for State Employees, and Veterans Preference in State Employment was authorized by Sections 2.1(5), 2.1(35), and 2.3 of Chapter 873 of the 1987 Session Laws. That act states that the Commission may consider H.J.R. 247, S.J.R. 178, S.J.R. 357, and H.B. 1133 in determining the nature, scope and aspects of the study. The relevant portions of Chapter 873 and H.J.R. 247, S.J.R. 178, S.J.R. 357, and House Bill 1133 are included in Appendix A. The Legislative Research Commission grouped this study in its State Personnel and Modern Family area under the direction of Representative Aaron E. Fussell. The Committee was chaired by Senator Wanda Hunt and Representative Peggy

Stacey. The full membership of the Committee is listed in Appendix B of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library.

## **BACKGROUND**

During this century the North Carolina State Government's personnel system has undergone a transformation. In the early 1900's State agencies employed only the most basic personnel management practices. State employees were hired and fired at will without regard to a uniform system for these activities. Individual agencies acted independently. Great changes occurred throughout the course of the following eight decades. For a detailed account of the evolution of the State's personnel system refer to the Legislative Research Commission's Report to the 1987 General Assembly of North Carolina on State Personnel available through the Legislative Library.

A major change occurred in 1949 with the ratification of the State Personnel Act of 1949. This act created a State Personnel Department as a separate entity, under the supervision of a director, and created the State Personnel Council (now the State Personnel Commission). The 1965 State Personnel Act established a unified personnel system and granted the State Personnel Commission a set of powers and duties. Today the powers and duties of the State Personnel Commission encompass the maintenance of a classification system, a compensation plan, and a recruitment program; the determination of vacation and leave policies; the establishment of policies and rules regarding appointment, promotion, transfer, demotion, suspension, separation, evaluation of employee performance, and the investigation of employee complaints.

Chapter 126 of the General Statutes applies to all State employees not specifically excluded under G.S. 126-5, as well as to employees of local social service and area mental health, mental retardation, and substance abuse authorities; employees

of public health departments; and local civil defense agencies that receive federal funds. G.S. 126-5(a) mandates which State employees are subject to Chapter 126 of the General Statutes. G.S. 126-5(c), (c1), (c2), and (c3) mandate which State employees are not subject to Chapter 126.

All State employees can participate in a wellness program, the State WISE (Wellness Improvement for State Employees) Program. The State WISE Program was organized by a group of State employees in September, 1985. In March, 1986 a full-time director for the State WISE Program was hired. The Program has operated without the aid of any direct funding from the General Assembly. In the three years since its inception, the WISE Program has offered three regional Health Fairs cosponsored by private vendors, and coordinated agency-based State employee wellness activities throughout the State.

The Center for Disease Control estimates that lifestyle factors contribute 51% to the leading causes of death. Although it is difficult to document, research tends to show that efficiency and productivity increase as employees improve their physical and mental health. The goal of the WISE program is to provide quality education and prevention services to all employees of State Government. Also, the WISE Program operates in an effort to lower health care costs by promoting positive lifestyles among agencies and universities through the coordinated effort of State employees.

Veterans have received preference in appointments and promotions in State employment since 1939. G.S. 128-15 established a veterans preference for all State employees, not just those employees subject to Chapter 126. Representative Cunningham introduced H.B. 1133 during the 1987 Session to strengthen the preference to veterans in State government. H.B. 1133 came up for consideration by the 1987 Session of the General Assembly (1988 Regular Session) after this Committee



had received testimony regarding this issue, but before the Committee was authorized to report under Section 2.6 of Chapter 873 of the 1987 Session Laws. The 1987 Session of the General Assembly (1988 Regular Session) enacted H. B. 1133, Chapter 1064 of the 1987 Session Laws, to strengthen the preference to be accorded veterans in State employment. Appendix E is Chapter 1064 of the 1987 Session Laws.

The first legislative study of the State personnel system since 1965 was authorized under Chapter 790 of the 1985 Session Laws. The 1987 General Assembly authorized three studies that pertain to State employees: the continuation of the 1985 study of the State Personnel System, a study of a wellness program for State employees, and a study of the advisability of strengthening the preference to be accorded veterans in State employment. (See Appendix B for the legislation authorizing these studies.) These three studies were merged into one for consideration by the members of this Committee. The continued study of the State Personnel System focuses on the provisions of Chapter 126 and the State employees within the purview of Chapter 126. The studies of a wellness program for State employees and veterans preference in State employment pertain to all employees employed by the State, including those State employees who are expressly excluded from the provisions of Chapter 126. There are presently 70,000 State employees subject to Chapter 126 of the General Statutes, and 15,000 to 20,000 State employees who do not come within the purview of Chapter 126.



## COMMITTEE PROCEEDINGS

The Committee met seven times on the following dates: November 20, 1987; January 13, 1988; February 16, 1988; April 13, 1988; October 5, 1988; November 10, 1988; and November 22, 1988.

The charge of the Committee was broad in scope. Three different studies authorized by Chapter 873 of the 1987 Session Laws were merged into one for study by this Committee. They are: the State Personnel System, the Study of a Wellness Program for State Employees, and the Study of Veterans Preference in State Employment. Appendix A is the legislation authorizing these studies. Appendix B lists the members of the Committee. Appendix C lists the persons who appeared before the Committee. Appendix D lists the persons who were sent written notice of the Committee's meetings.

### November 20, 1988

At the first meeting, the Committee reviewed the charge of the Committee. The Committee focused on the issue of veterans preference and the advisability of strengthening the preference to be accorded veterans in State employment. Mr. John Oshoa and Mr. E. T. Townsend, both representatives of veterans groups, spoke strongly in favor of strengthening veterans preference and the use of a point system to quantify the preference, as was provided in the original version of H. B. 1133. The version of H.B. 1133 that was to be considered the following summer, the 1987 Session of the General Assembly (1988 Regular Session), did away with a point system. (See Appendix A for the version of H.B. 1133 that was up for consideration by the 1987 Session of the General Assembly (1988 Regular Session).)

Mr. G. C. Davis, Assistant Director, Office of State Personnel, informed the Committee of a new Office of State Personnel policy that was put into effect August 1987 that closely follows the provisions of the current version of H. B. 1133, with one exception - the policy did not provide a preference that extended to promotions. The second version of H. B. 1133, a committee substitute (see Appendix A), differed from the original H. B. 1133. The second version provided a veterans preference for only those State employees who are subject to Chapter 126 of the General Statutes.

Mr. Mike Gaddis, Office of State Personnel, explained to the Committee the interaction of the various priorities in State employment, some of which are priorities that are extended by Office of State Personnel policy, others are legislative priorities such as the veterans preference. A legislative priority takes precedence over a priority by policy.

#### January 13, 1988

Most of the second meeting was devoted to an overview of the State Personnel System as presented by the Office of State Personnel. Mr. G. C. Davis gave a slide presentation on the pay system and fringe benefits for State employees subject to Chapter 126 of the General Statutes. Mr. Davis explained to the Committee that since 1979 the pay system has become cumbersome due to the addition of steps within each paygrade. The pay system has evolved into one that is very difficult to administer.

Mr. Davis described the three sources of funds that support the administration of the pay plan:

- (1) Legislative across the board increases,
- (2) Merit pay, and
- (3) Salary Adjustment Fund increases.

The Salary Adjustment Fund is a reserve fund that is not distributed to State agencies unless they do not have the money for salary increases for a given occupation when there is an inflationary market for that occupation.

The Office of State Personnel voiced its support for S. B. 605, an act to create a pay policy for State employment under Chapter 126 of the General Statutes and to revise the merit pay system.

Mr. Drake Maynard, Agency Legal Specialist, explained the State employee grievance procedure. A significant change occurred in 1986 with the transfer of authority to conduct hearings from the State Personnel Commission to the Office of Administrative Hearings (OAH). Grievances can be heard by OAH after a grievance goes through the process of departmental or university review. Appeals from OAH can be taken to superior court; there are currently approximately 20-35 cases on appeal at superior court. Usually an employee who appeals to OAH is represented by an attorney for that appeal.

Mr. George Misoyianis, Director of the State WISE Program, related the history of the State WISE Program. This program was organized in the fall of 1985 by a group of State employees. A Director was hired in March, 1986. The State WISE Program now has an advisory board that meets bi-monthly.

Fifty-five Wellness Coordinators from State agencies and universities throughout the State serve to bring wellness activities to all State employees who wish to participate. The goal of the WISE Program is to provide quality education and prevention services to all employees of State government, including retirees. Research tends to show that efficiency and productivity increase as employees improve their physical and mental health. Healthier employees have lower absenteeism rates, better outlooks on their jobs, and better safety records. The Center for Disease Control

estimates that lifestyle factors contribute 51% to the leading causes of death. The WISE Program operates in an effort to lower health care costs in the long term.

Some of the accomplishments of the State WISE Program to date are:

(1) Coordination of agency-based employee wellness activities through the State WISE Office.

(2) Training and activities approved through the State Modules Committee. A module is a self-contained learning unit with specific objectives and learning experiences for positive health behavior change.

(3) Two successful regional Festivals or Health Fairs displaying healthful living suggestions and sponsored by private vendors.

(4) Development of WISE Program guidelines and development of standards for physical activity, which take safety into consideration.

Mr. Durward (Butch) Gunnells, Executive Director, State Employees Association of North Carolina (SEANC) commented on various issues before this Committee. SEANC takes no official position regarding veterans preference and the construction of a physical fitness facility in Raleigh for State employees. However, SEANC endorses the concept of an independent study of the State classification system and most strongly favors the establishment of a performance based system of compensation with job performance evaluation. He urged the adoption of a pay plan that combines across-the-board and performance based components.

Mr. Dale Roberts and Mr. Steve Carver of the American Legion were introduced by Representative Cunningham. Both men offered support of H. B. 1133 in its original form.

February 16, 1988

The entire meeting dealt with the subject of employee wellness programs.

Dr. O. Dale Williams, Ph.D., Director of the U.N.C. Center for Health Promotion Disease Prevention and member of the State WISE Program Advisory Board, addressed wellness issues in North Carolina. Heart disease, cancer, and injuries are the major health threats in this State. North Carolina is in the "heart disease belt;" cancer mortality rates are higher than the national average. The death rate in North Carolina is among the highest in the nation. Concrete evidence indicates the detrimental effect on longevity and morbidity of some major lifestyle factors: diet, physical exercise, and smoking.

Ms. Sally Herndon-Malek, M.P.H., Program Supervisor for Health Promotion and Disease Prevention, Department of Human Resources, presented information regarding employee health promotion programs. Lifestyle factors contribute to premature death. Consequently, there is a growing interest in worksite health promotion. The employer, employee, and the public health can benefit from health promotion.

Dr. Bruce Dalton, M.D., M.P.H., Director of Health and Safety at Northern Telecom, discussed Northern Telecom's in-house wellness program. He stated that the positive influence that jobsite wellness programs have on employee recruitment and retention is now well accepted. He warned against justifying a wellness program for employees on the basis of cost-benefit analysis. Success is measured by employee participation. Northern Telecom stresses safety education as much as nutrition, weight management, and stress management.

Ms. Bobbie Staton, Director of the Rex Hospital Wellness Program, provided a somewhat different perspective. She advised against starting a wellness program to save money. Wellness is partly educational and partly emotional. It attempts to reach the 50% of the population that will participate in lifestyle changes or exercise programs only if it is convenient or with some urging.

Mr. David DeVries, Executive Administrator, State of N. C. Teachers' and State Employees' Major Medical Plan, told the Committee that no immediate reduction in health care cost would result from a wellness program. Historically health plans such as the State health plan have focused on acute health care, not preventive health care. HMO's focus on preventive health care. Mr. DeVries urged that more time in the future be spent on preventive health care in health plans for employees.

April 13, 1988

Three issues were addressed at this meeting: employee wellness programs, the State pay system, and cafeteria style benefits.

Ms. Malek returned with specific data regarding causes of death in North Carolina that had been requested at the last meeting.

Ms. Michele Bergeron, Johnson & Johnson Health Management, gave a slide presentation regarding the employee worksite wellness programs that Johnson & Johnson can provide to employers. An employer can enter into a contract with Johnson & Johnson Health Management, and Johnson & Johnson Health Management will design and implement a wellness program for its employees.

Mr. Ronnie Condrey, Personnel Officer, Department of Insurance, and Sam Connally, Associate Personnel Director, UNC' Wilmington, both spoke in favor of a pay system that has the capacity to reward outstanding performance.

Specifically, Mr. Condrey recommended:

- (1) Giving the Office of State Personnel the authority to develop a full-fledged performance review system that ties performance to pay, and committing funding to implement this program;
- (2) Committing the first 5% of moneys that might be awarded in



1988-89 in an across-the board increase to an in-range salary adjustment, making the awards so that current employees can move up within their salary range (42% of those employees are fixed at steps 1, 2 and 3);

- (3) Setting aside the first 5% of salaries in both 1988 and 1989 to give agencies the flexibility to deal with the inequity that had arisen since merit pay was suspended six years ago;
- (4) Working with the Office of State Personnel to set up some mechanism that will answer concerns about how this system is being implemented in State government.

Mr. G. C. Davis stated that merit pay could be administered in a better manner today than it was in 1982 when it was suspended. A performance review procedure has been established and was put in place four or five years ago.

The remainder of the meeting was spent discussing cafeteria style benefits. Ms. Margaret Hayden, Assistant State Superintendent for Legislative Services, Department of Public Instruction, sponsored a bill to study cafeteria style benefits in 1984 when she served as a member of the House.

A cafeteria style benefits program offers an employee the opportunity to choose his benefits from a list of benefits that are available through his employer, a so-called benefit "menu." After selecting which benefits are most desirable given the employee's particular personal circumstances, the employee's share of the benefit cost is deducted from the employee's wages prior to the withholding of income taxes. The benefits to the employee are:

- (1) Choice of benefits most suitable to the employees lifestyle, and

(2) Increased disposable income.

NCNB Corporation offers its 15,000 employees a cafeteria style plan that is administered in-house. Catawba County developed its own cafeteria style plan for county employees soon after the passage of Section 125 of the Tax Reform Act of 1986, which allows the use of pre-tax dollars for the employee's contribution for certain benefits. The Committee was urged to consider a cafeteria plan for nurses at Memorial Hospital in light of the current nursing shortage.

Mr. Edwin Barnes, Deputy State Treasurer and Director of the Retirement Systems Division, reminded the Committee that North Carolina provides State employees the rudiments of a flexible benefits program pursuant to Section 125 now. The employee's contribution for family medical coverage is paid with pre-tax dollars. Further, cafeteria style plans have the advantage of allowing for expanded benefits without the need for additional appropriations.

October 5, 1988

The Cochairmen informed the Committee that H.B. 1133 regarding veterans preference in State employment had been enacted during the summer, Chapter 1064 of the 1987 Session Laws. (See Appendix E.) Also, an independent study had been authorized to specifically address the merit pay issue, Section 27 of Chapter 1086 of the 1987 Session Laws. Consequently, the Committee agreed these two issues need no longer be addressed.

Except for a brief update on the State WISE Program, cafeteria style benefits held the attention of the Committee at this first meeting following the adjournment of the 1987 Session of the General Assembly (1988 Regular Session).

Mr. George Misoyianis reported on the third annual Health Fair for Central North Carolina State employees conducted in Raleigh. Over 2,000 persons received

health screenings at a cost of \$5.00 per participant. State employee nurses and doctors volunteered their time. Forty-two percent of those who were screened for cholesterol had an elevated cholesterol level. One person had a cholesterol reading in excess of 350. Another person was found to have cancer in the early stages.

State employees are requesting stress management programs. Mr. Misoyianis restated his desire to reach the entire population of State employees, and not just those in the Raleigh area. He expressed difficulty in obtaining adequate training space. Mr. Misoyianis emphasized that State employees are to participate in the Program on their own time. He recommended that the Office of State Personnel adopt a policy regarding the use of flextime to clear up any misunderstanding regarding this subject.

Five school systems in North Carolina currently offer cafeteria plans to their employees. More are expected to follow suit. BB&T conducted a study which indicated that public school employees want a flexible benefits program. The Personnel Commission for Public School Employees has recommended to the State Board of Education that a full feasibility study, including a detailed cost-benefit analysis, should be conducted for public school employees. The Commission is of the opinion that a standard plan for all school systems is preferable to a county by county plan and that comprehensive, attractive benefits would help recruit and retain qualified employees.

VISTA Management, a leader in cafeteria plan administration specializing in plans for the public sector, conducted a slide presentation in cafeteria style benefits programs. A careful balance between benefit selection limitations and freedom of choice is necessary to minimize adverse selection. Cash options make adverse selection problems worse and should be avoided. The advantage of a cafeteria plan to the employer comes from decreased social security withholdings. The employer is not assessed social security withholdings for salary reduction contributions for benefits.

October 20, 1988

Mr. George Misoyianis, Director of the State WISE Program, asked for the Committee's support in the Program's efforts to expand services for current State employees in hard to reach areas and for retirees.

The majority of presentations to the Committee addressed the State classification system and the problems that are created in the classification system by the suspension of merit pay. The Committee agreed that it was impossible to study the classification system without raising the issue of merit pay.

The problem as seen by an independent observer (Mr. John Brinkhous, Director of Compensation at Duke University), by a State employees' advocate (Mr. Butch Gunnells of SEANC), and by someone within State government (Mr. G. C. Davis of the Office of State Personnel), is essentially the same: the classification system has been misused in an effort to circumvent the suspension of merit pay. In order to recognize the superlative performance of an employee, the employer has reclassified the employee's position to one that is of a higher paygrade. Later on, when a different person is hired into that job he is hired into the higher classification and higher salary. Such misuse of the classification system thereby introduces a permanent change to the classification system. All subsequent employees for that position will receive a higher salary than is merited for the qualifications and duties of that job. This is cost ineffective and eventually leads to a misclassified system. It is more cost effective to reward outstanding performance when it occurs in the form of merit pay.

Mr. G. C. Davis, Office of State Personnel, explained that the State uses a "position classification" method to arrive at the State classification system. Duties and responsibilities are analyzed and classes determined according to the types of work and

the levels within each type of work. The greatest misconception is to equate classification with pay. Classification is not pay; it is a basis for determining pay. The greatest need for change in the State Personnel System is in the pay system. It is difficult to administer.

Mr. Brinkhous observed that salary ranges in the State plan are too wide. This could be remedied by fixing a mid-point that represents what the State wants to pay, compared with the market, and then by defining a maximum salary for the pay range. The minimum should represent the salary needed to hire someone of minimum qualifications for the position. Lack of in-range movement is another problem in the State pay system. An employee who does not progress through the salary range is likely to leave State employment.

Sam Byrd, Senior Fiscal Analyst for the General Assembly, urged caution in proposing a cafeteria style benefits plan for State employees. He informed the Committee that an additional \$65,000,000 will be needed in 1989-90 and an additional \$100,000,000 will be needed in 1990-91 to pay for the State of N.C. Teachers' and State Employees' Major Medical Plan with no cuts in benefits due to the increased cost of these benefits. In addition, the State will need to spend \$10,000,000 to comply with the Medicare Catastrophic Coverage Act. The increased benefits through Medicare will reduce the cost of medical benefits to some State employees. The State is required to pay an amount equal to that savings to the State retirees. Further, HMO's cost the State \$7,000,000 the first year they were in effect and \$18,000,000 last year.

Other reasons cited to instill caution regarding proposing a cafeteria style for State employees were:

- (1) Adverse selection, which increases the cost of benefits.
- (2) Loss of Social Security benefits to the employee (since benefits relate to employer and employee contributions).

- (3) Possible decrease in the allowable benefits under Section 125 (expected in 1989).
- (4) No application to retirees.

Lastly, by 1990 the State will be required to finance the projected cost of retiree health care on a prefunded basis. There are 61,000 State retirees. This will cost the State an additional \$25,000,000 per year.

The Committee received the results of a survey conducted by staff at the request of the Committee, to determine whether other states are offering their State employees cafeteria style benefits plans. A similar survey was conducted in March, 1986. In March, 1986 only two states offered state employees a cafeteria plan; two more provided for the use of pre-tax dollars for employee contributions to benefits. As of October, 1988, seventeen states offered cafeteria plans and an additional sixteen provided for the use of pre tax dollars for employee contributions. The survey is Appendix F.

#### November 22, 1988

The Committee reviewed and adopted, as amended, the report to be recommended for transmittal to the 1989 General Assembly. The recommendations follow. See Appendices G and H for recommended Legislative Proposals.

## FINDINGS AND RECOMMENDATIONS

**RECOMMENDATION #1: THE NORTH CAROLINA GENERAL ASSEMBLY SHOULD CONTINUE AS AN ONGOING STUDY THE STUDY OF THE STATE PERSONNEL SYSTEM.** (See Legislative Proposal #1, Appendix G.)

**Findings:** The Committee finds a definite need to study on an ongoing basis the State Personnel System as well as the entire range of personnel problems of State employees. Three studies authorized by Chapter 873 of the 1987 Session Laws were merged into one for consideration by this Committee. A fourth study regarding a State personnel issue was authorized during the course of this Committee's deliberations, the Merit Pay Study, as authorized by Section 27 of Chapter 1086 of the 1987 Session Laws. This is an indication of the number of issues that arise regarding State employees that merit study by the General Assembly. An ongoing committee should be authorized to address the complex and continuing issues regarding the approximately 70,000 State employees subject to Chapter 126 and the 15,000 to 20,000 State employees who are not subject to Chapter 126.

The charge of an ongoing committee should be broad. An ongoing committee should have the flexibility to consider long range issues, as well as the shorter range issues, which might vary from one biennium to the next. Specifically, an ongoing committee needs to conduct further study of the State pay system and the State classification system. Further study of cafeteria style benefits is also clearly indicated.

**RECOMMENDATION #2: THE NORTH CAROLINA GENERAL ASSEMBLY SHOULD ENDORSE THE STATE W.I.S.E. (WELLNESS IMPROVEMENT FOR STATE EMPLOYEES) PROGRAM AND SHOULD SPECIFICALLY SUPPORT:**

- (1) FUNDING TO SUPPORT THE STATE W.I.S.E. PROGRAM;**
- (2) EVALUATION OF THE STATE W.I.S.E. PROGRAM BY THE OFFICE OF STATE PERSONNEL;**
- (3) ADDITIONAL TRAINING SPACE;**
- (4) FITNESS CENTERS FOR STATE EMPLOYEES;**
- (5) EXPANSION OF LIFESTYLE CHANGE AND HEALTH PROMOTION PROGRAMS FOR STATE EMPLOYEES; AND**
- (6) USE OF FLEXTIME FOR PARTICIPATION IN THE STATE W.I.S.E. PROGRAM.**

**THE GENERAL ASSEMBLY SHOULD APPROPRIATE \$71,730 FOR THE 1989-90 FISCAL YEAR AND \$104,904 FOR THE 1990-91 FISCAL YEAR TO SUPPORT THE STATE W.I.S.E. PROGRAM. (See Legislative Proposal #2, Appendix H.)**

**Findings:** The Committee finds that the current in house wellness program for State employees, the State WISE Program, needs legislative endorsement and support. In the three years since its inception the State WISE Program has conducted three regional Health Fairs and developed and implemented Wellness activities' programs for State employees throughout the State. This work has been accomplished with a small staff and no direct funding from the General Assembly.

The State WISE Program has expanded through the volunteer efforts of State employees, the sponsorship of businesses, and the use of State facilities. State employees have expressed interest in having more lifestyle change and health promotion



programs. Legislative endorsement would help the State WISE Program expand its wellness activities further. Evaluation of the State WISE Program is desirable to ascertain the Program's direct benefit to the State.

It is widely held that employee wellness programs increase employee productivity, decrease absenteeism, and lower the long range cost of health care. The Committee finds that the State WISE Program promotes the health of State employees and benefits the State.

**RECOMMENDATION #3: THE GENERAL ASSEMBLY SHOULD ENDORSE THE CONCEPT OF AN OBJECTIVE MERIT PAY SYSTEM FOR STATE EMPLOYEES, AND THE APPROPRIATION COMMITTEES OF THE HOUSE AND THE SENATE AND THE SUBSTANTIVE STANDING COMMITTEES DEALING WITH STATE PERSONNEL ISSUES SHOULD WORK TOWARD DESIGNING AND FUNDING AN OBJECTIVE MERIT PAY SYSTEM FOR STATE EMPLOYEES.**

**Findings:** This Committee endorses the concept of an objective merit pay system for State employees. A separate study was authorized during the course of this Committee's deliberations to specifically address the issue of merit pay, the Merit Pay Study, as authorized by Section 27 of Chapter 1086 of the 1987 Session Laws. However, the study of the classification and pay systems was a part of the charge of this Committee. A study of the classification system cannot take place without consideration of merit pay.

The Committee finds that employers have misused the classification system in an attempt to reward an employee's exceptional performance. Such misuse

introduces permanent change to the classification system and is cost ineffective. Implementation of an objective merit pay system would alleviate some of the problems in the State pay system and the State classification system.

This Committee recommends the implementation of an objective merit pay system, as distinguished from the reinstitution of the previous merit pay system in State government. The Committee also finds that the reward of outstanding performance is desirable and will serve to retain valuable employees in State employment.

**RECOMMENDATION #4: THE GENERAL ASSEMBLY SHOULD TAKE NO FURTHER ACTION AT THIS TIME REGARDING VETERANS PREFERENCE IN STATE EMPLOYMENT.**

**Findings:** H. B. 1133, a bill to strengthen veterans preference in State employment, was considered by the 1987 Session of the General Assembly (1988 Regular Session) and ratified, Chapter 1064 of the 1987 Session Laws. This Committee finds no need to consider this issue further at this time. Appendix E is Chapter 1064 of the 1987 Session Laws.

## APPENDIX A

### GENERAL ASSEMBLY OF NORTH CAROLINA 1987 SESSION RATIFIED BILL

#### CHAPTER 873 HOUSE BILL 1

AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, TO CREATE AND CONTINUE VARIOUS COMMITTEES AND COMMISSIONS, TO MAKE APPROPRIATIONS THEREFOR, AND TO AMEND STATUTORY LAW.

The General Assembly of North Carolina enacts:

#### PART I. TITLE

Section 1. This act shall be known as "The Study Commissions and Committees Act of 1987."

...

#### PART II.-----LEGISLATIVE RESEARCH COMMISSION

Sec. 2.1. The Legislative Research Commission may study the topics listed below. Listed with each topic is the 1987 bill or resolution that originally proposed the issue or study and the name of the sponsor. The Commission may consider the original bill or resolution in determining the nature, scope and aspects of the study. The topics are:

...

- (5) Continuation of Study of State Personnel System (H.J.R. 247-Stamey; S.J.R. 178-Hunt, W.).

...

- (35) Wellness Program for State Employees (S.J.R. 357-Sherron).

...

Sec. 2.3. Veterans Preference in State Employment (H.B. 1133 Cunningham). The Legislative Research Commission may study the advisability of strengthening the preference to be accorded veterans in State employment.

. . .

Sec. 2.6. Reporting Dates. For each of the topics the Legislative Research Commission decides to study under this act or pursuant to G.S. 120-30.17(1), the Commission may report its findings, together with any recommended legislation to the 1989 General Assembly.

Sec. 2.7. Bills and Resolution References. The listing of the original bill or resolution in this Part is for reference purposes only and shall not be deemed to have incorporated by reference any of the substantive provisions contained in the original bill or resolution.

. . .

-----EFFECTIVE DATE

Sec. 31. This act is effective on July 1, 1987.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

H

1

HOUSE JOINT RESOLUTION 247\*

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Sponsors: Representatives Stamey; Fussell, Blue, Wiser, Holroyd, Fletcher,  
Freeman, Justus, Buchanan.

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Referred to: Rules and Operation of the House.

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March 18, 1987

1 A JOINT RESOLUTION TO CONTINUE THE WORK OF THE LEGISLATIVE  
2 RESEARCH COMMISSION'S COMMITTEE ON STATE PERSONNEL.

3       Whereas, the current State Personnel System was established in 1965; and

4       Whereas, there has not been a comprehensive study of the personnel  
5 system since 1965; and

6       Whereas, it is the policy of North Carolina, as set forth in G.S. 126-1, to  
7 provide a personnel system that applies the best methods that have evolved in  
8 government and industry; and

9       Whereas, there have been significant changes in the area of personnel  
10 since 1965; and

11       Whereas, the Legislative Research Commission's Committee on State  
12 Personnel as begun under Chapter 790 of the 1985 Session should be an ongoing  
13 study and should continue to examine the entire range of personnel problems and  
14 needs of State employees;

15 Now, therefore, be it resolved by the House of Representatives, the Senate  
16 concurring:

17       Section 1. The Legislative Research Commission as structured by G.S.  
18 120-30.10, **et seq.**, may continue the study of the State personnel system, including but  
19 not limited to:

(1) the structure and function of the personnel commission and of personnel operations;

(2) the classification system of employees;

(3) the salary and benefit system;

(4) personnel policies, including those relating to the areas of hiring, training, promotion, and tenure; and

(5) the procedure for grievances and appeals.

The Commission may report its findings and recommendations including recommendations for needed legislation to the 1989 General Assembly.

Sec. 2. This resolution is effective upon ratification.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

S

1

SENATE JOINT RESOLUTION 178\*

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Sponsors: Senators Staton; Hunt of Moore, Johnson of Wake.

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Referred to: Rules and Operation of the Senate.

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March 18, 1987

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5 (4) personnel policies, including those relating to the areas of hiring,  
6 training, promotion, and tenure; and

7 (5) the procedure for grievances and appeals.

8 The Commission may report its findings and recommendations including  
9 recommendations for needed legislation to the 1989 General Assembly.

10 Sec. 2. This resolution is effective upon ratification.



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**GENERAL ASSEMBLY OF NORTH CAROLINA**

**SESSION 1987**

**S**

**1**

**SENATE JOINT RESOLUTION 357**

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Sponsors: Senator Sherron.

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Referred to: Rules and Operation of the Senate.

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April 10, 1987

1 A JOINT RESOLUTION AUTHORIZING THE LEGISLATIVE RESEARCH  
2 COMMISSION TO STUDY THE FEASIBILITY OF A WELLNESS PROGRAM  
3 FOR STATE EMPLOYEES, INCLUDING A PHYSICAL FITNESS FACILITY.

4       Whereas, one-third of annual deaths in North Carolina are premature  
5 adult deaths occurring to persons of working age between 18 and 64; and

6       Whereas, it is estimated that more than fifty percent (50%) of mortality is  
7 related to causes that are preventable; and

8       Whereas, healthy, physically fit employees take fewer sick days and are  
9 more productive; and

10       Whereas, employees who engage in a physical fitness program are less  
11 likely to succumb to a chronic disease that is associated with a sedentary lifestyle; and

12       Whereas, a wellness program that includes a physical fitness facility is an  
13 employee benefit that is likely to attract and retain employees; and

14       Whereas, a wellness program focuses on health promotion and education;  
15 and

16       Whereas, a wellness program educates the individual in ways to reduce  
17 the likelihood of developing a chronic disease that is induced by improper diet, lack  
18 of stress management and exercise, and other aspects of an unhealthy lifestyle; and

19       Whereas, the State is likely to benefit economically and otherwise by  
20 offering a wellness program that includes a physical fitness facility;

1 Now, therefore, be it resolved by the Senate, the House of Representatives  
2 concurring:

3           Section 1. The Legislative Research Commission may study the  
4 feasibility of a wellness program for State employees. The Commission may consider  
5 building a physical fitness facility or the possibility of converting a presently existing  
6 structure such as the Murphy School Building at 443 North Person Street, Raleigh, to  
7 a physical fitness facility in the downtown Raleigh area. The Commission may  
8 develop a schedule of the functional needs of such a facility sufficient to present to an  
9 architect for the purpose of arriving at a cost estimate of building or converting such  
10 a structure. The Commission may investigate the equipment needs of a physical  
11 fitness facility and the staffing needs of a wellness program. The Commission may  
12 survey other states and private industry as a means of gathering such information.  
13 The Commission may investigate the fiscal needs required to operate a wellness  
14 program for State employees that includes a physical fitness facility for State  
15 employees employed in the Raleigh area.

16           Sec. 2. The Commission may report to the 1989 Session of the General  
17 Assembly.

18           Sec. 3. This resolution is effective upon ratification.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

H

2

HOUSE BILL 1133  
Senate Committee Substitute Adopted 7/20/87

Short Title: Veteran's Preference for State Jobs.

(Public)

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Sponsors:

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Referred to: State Personnel.

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May 4, 1987

A BILL TO BE ENTITLED

AN ACT TO STRENGTHEN THE PREFERENCE TO BE ACCORDED  
VETERANS FOR STATE EMPLOYMENT WHEN THE STATE  
EMPLOYMENT IS WITHIN THE PURVIEW OF CHAPTER 126 OF THE  
GENERAL STATUTES.

The General Assembly of North Carolina enacts:

Section 1. Chapter 126 of the General Statutes is amended by adding a  
new Article after Article 12 to read:

"Article 13.

"Veteran's Preference.

**"§ 126-80. Declaration of policy.**--It shall be the policy of the State of North  
Carolina that, in appreciation for their service to this State and this country in time  
of war, and in recognition of the time and advantage lost toward the pursuit of a  
civilian career, veterans shall be granted preference in employment with every State  
department, agency, and institution when the position of employment is subject to the  
provisions of this Chapter.

**"§ 126-81. Definitions.**--As used in this Article:

(1) 'A period of war' includes World War I (April 16, 1917, through November  
11, 1918), World War II (December 7, 1941, through December 31, 1946), the Korean

1 Conflict (June 27, 1950, through January 31, 1955), the period of time between  
2 January 31, 1955, and the end of the hostilities in Viet Nam (May 7, 1975), or any  
3 other campaign, expedition, or engagement for which a campaign badge or medal is  
4 authorized by the United States Department of Defense.

5 (2) 'Veteran' means a person who served in the Armed Forces of the United  
6 States on active duty, for reasons other than training, and has been discharged under  
7 other than dishonorable conditions.

8 (3) 'Eligible veteran' means:

- 9 a. a veteran who served during a period of war; or
- 10 b. the spouse of a disabled veteran; or
- 11 c. the surviving spouse or dependent of a veteran who died on active  
12 duty during a period of war either directly or indirectly as the  
13 result of such service; or
- 14 d. a veteran who suffered a service-connected disability during  
15 peacetime; or
- 16 e. the spouse of a veteran described in subdivision d. of this  
17 subsection; or
- 18 f. the surviving spouse or dependent of a person who served in the  
19 Armed Forces of the United States on active duty, for reasons  
20 other than training, who died for service-related reasons during  
21 peacetime.

22 **"§ 126-82. State Personnel Commission to provide for preference.--**(a) The State  
23 Personnel Commission shall provide that in evaluating the qualifications of an eligible  
24 veteran against minimum education and experience requirements, credit shall be  
25 given for all military service training or schooling and experience that bears a  
26 reasonable functional relationship to the knowledge, skills, and abilities required in  
27 the position applied for.

28 (b) The State Personnel Commission shall provide that if an eligible veteran has  
29 met the minimum education and experience requirements for the position, after  
30 receiving experience credit under subsection (a) of this section, he shall receive  
31 additional experience credit for related and unrelated military service beyond that  
32 needed to qualify, up to a maximum of four years.

33 **"§ 126-84. Evaluation of applicants.--**The State Personnel Commission shall  
34 develop a system where, if no numerically scored examination is used in determining  
35 the relative ranking of applicants, alternate methods of veteran's preference are

1 provided for in the evaluation of applicants in a manner which assures acceptable.  
2 progress toward the targets for the level of veteran's employment within State  
3 government, which shall be established under G.S. 126-89(b). Such preference shall  
4 be provided to each eligible veteran.

5 **"§ 126-85. Preference in initial selection.--**An eligible veteran shall receive a  
6 preference rating of 10 points to be applied to his examination where numerically  
7 scored examinations are used in determining the relative ranking of applicants, after  
8 such examinations are scaled to allow for a possible 100 points for each applicant.

9 **"§ 126-86. Preference regarding reduction in force and promotion.--**The State  
10 Personnel Commission may provide that in reduction in force situations, and  
11 promotions, where seniority or years of service is one of the considerations of  
12 retention or promotion, the eligible veteran shall be accorded credit toward State  
13 service for military service.

14 **"§ 126-87. Appeal to Personnel Commission.--**Any eligible veteran who has reason  
15 to believe that he did not receive a veteran's preference in accordance with the  
16 provisions of this Article or rules adopted under it may appeal directly to the State  
17 Personnel Commission.

18 **"§ 126-88. Misconduct by employer or hiring authority.--**The willful failure of any  
19 employer or hiring authority to comply with the provisions of this Article or rules  
20 adopted under it constitutes misconduct, within the meaning of the State Personnel  
21 Manual, that warrants a first written warning.

22 **"§ 126-89. Veterans' Preference Coordinator.--**(a) There shall be established a  
23 management position of Veterans' Preference Coordinator, who shall be a veteran as  
24 defined in G.S. 126-81, which shall be situated within the Office of State Personnel  
25 under the supervision of the State Personnel Director, who shall provide necessary  
26 clerical and logistical support for the implementation of this Article throughout State  
27 government. The coordinator shall have the authority to require implementation  
28 within all of State government covered by this Article, and shall develop a program  
29 of activities which shall include, but not be limited to:

30 (1) Training of managers and personnel officers, inclusion of the  
31 Veterans' Preference requirements in all agency policy manuals  
32 and employee handbooks, and preparation of posters and literature  
33 to describe this Article;

34 (2) Serving as the liaison between veterans organizations, the  
35 Employment Security Commission, the Office of State Personnel,  
36 and other State departments as concerns this Article;

- (3) Development of veterans referral sources;
- (4) Counseling of State employees or applicants who are eligible veterans; and
- (5) Development of statistics and reports to depict veteran status in State government and the progress of the program authorized by this Article.

(b) The State Personnel Commission, upon the recommendation of the Veterans' Preference Coordinator shall set targets for the level of employment of veterans within State government covered by this Article, and shall monitor and review compliance with these guidelines. The Veterans' Preference Coordinator shall report to the Joint Legislative Commission of Governmental Operations no later than December 31, 1987, on those goals, and shall report by June 30 and December 31 of each year thereafter on progress in attaining those goals and compliance with those guidelines.

**"§ 126-90. Exceptions.**-(a) Notwithstanding G.S. 126-5, and notwithstanding provisions in that section that only certain Articles of this Chapter apply to some employees, this Article applies to all persons covered by this Chapter except those exempted by G.S. 126-5(c)(2), G.S. 126-5(c)(3), G.S. 126-5(c)(4), G.S. 126-5(c1), G.S. 126-5(c2), or G.S. 126-5(c3), but this Article does not apply to those persons covered by G.S. 126-5(a)(2).

(b) Notwithstanding subsection (a) of this section, agencies responsible for filling of positions exempted by that subsection are strongly encouraged to follow the declaration of policy of G.S. 126-80."

Sec. 2. G.S. 128-15 reads as rewritten:

**"§ 128-15. Employment preference for veterans and their wives or widows. spouses or surviving spouses.**-(a) Hereafter, in all competitive examinations of applicants for positions with this State or any of its departments, institutions or agencies, a preference rating of 10 points shall be awarded to all the citizens of the State who served the State or the United States honorably in either the army, navy, marine corps, nurses' corps, air corps, air force, or any of the armed services in time of war, including the Korean war or conflict and including all citizens of the State who served in any of the armed services at any time between January 31, 1955, and the end of hostilities in Vietnam in which the United States is involved.

All the departments, or institutions of the State, or their agencies, shall give preference in appointments and promotional appointments to qualified veteran

1 applicants as enumerated in this section in filling vacant positions in construction or  
2 maintenance of public buildings and grounds, construction of highways or any other  
3 employment under the supervision of the State or its departments, institutions, or  
4 agencies; provided, that the provisions of this section shall apply to the ~~widows~~  
5 surviving spouses of such veterans and to the ~~wives spouses~~ of disabled veterans. No  
6 State department, officer, institution or agency of the State shall bar or prohibit any  
7 veteran or person named in this section from employment because of age if such  
8 veteran or person is otherwise qualified.

9 In all competitive promotional examinations a preference rating of one point for  
10 each year, or greater fraction thereof, of service in time of war, including the Korean  
11 conflict, and including service in any of the armed forces at any time between  
12 January 31, 1955, and the end of hostilities in Vietnam in which the United States is  
13 involved, shall be awarded in all departments of this State, institutions or agencies, to  
14 the veterans or persons named in this section; provided, that such points shall not  
15 exceed a total of five points.

16 (b) This section applies only to positions in State departments, institutions, and  
17 agencies to which Article 13 of Chapter 126 of the General Statutes does not apply  
18 because of G.S. 126-90."

19 Sec. 3. G.S. 126-5(a), as amended by Chapter 320, Session Laws of 1987,  
20 reads as rewritten:

21 "(a) The provisions of this Chapter shall apply to:

- 22 (1) all State employees not herein exempt, and  
23 (2) to employees of area mental health, mental retardation, substance  
24 abuse authorities, and to employees of local social services  
25 departments, public health departments, and local emergency  
26 management agencies that receive federal grant-in-aid funds; and  
27 the provisions of this Chapter may apply to such other county  
28 employees as the several boards of county commissioners may from  
29 time to time determine."

30 Sec. 4. There is appropriated from the General Fund to the Office of  
31 State Personnel for the 1987-88 fiscal year the sum of seventy-nine thousand seven  
32 hundred fifty-eight dollars (\$79,758) and for the 1988-89 fiscal year the sum of  
33 seventy-four thousand nine hundred seventy-six dollars (\$74,976) to implement this  
34 act."

35 Sec. 5. Section 4 of this act shall become effective July 1, 1987. Sections  
36 1 through 3 of this act shall become effective October 1, 1987.





## APPENDIX B

### MEMBERSHIP OF LRC COMMITTEE ON STATE PERSONNEL SYSTEM, WELLNESS PROGRAM FOR STATE EMPLOYEES, AND VETERANS PREFERENCE IN STATE EMPLOYMENT

#### **Pres. Pro Tem's Appointments**

Sen. Wanda H. Hunt, Cochair  
Post Office Box 1335  
Pinehurst, NC 28374  
(919) 295-3794

Sen. Helen R. Marvin  
119 Ridge Lane  
Gastonia, NC 28054  
(704) 864-2757

Sen. Kenneth C. Royall, Jr.  
Post Office Box 8766  
Durham, NC 27707  
(919) 489-9191

Sen. J. K. Sherron, Jr.  
4208 Six Forks Road  
Suite 302  
Raleigh, NC 27609  
(919) 781-8721

Sen. William W. Staton  
Post Office Box 1320  
Sanford, NC 27330  
(919) 775-5616

#### **Speaker's Appointments**

Rep. Margaret Stamey, Cochair  
6201 Arnold Road  
Raleigh, NC 27607  
(919) 851-0495

Rep. J. Fred Bowman  
814 N. Graham-Hopedale Road  
Burlington, NC 27215  
(919) 228-7521

Rep. W. Pete Cunningham  
3121 Valleywood Place  
Charlotte, NC 28216  
(704) 394-0919

Rep. Ann Q. Duncan  
Post Office Box 11113  
Winston-Salem, NC 27116  
(919) 924-9024

Rep. John L. Tart  
Route 1, Box 125 A  
Goldsboro, NC 27530  
(919) 934-0200

#### **Staff:**

Ms. Susan Iddings  
Legislative Services Office  
(919) 733-6660

Mr. Sam Byrd  
Legislative Services Office  
(919) 733-4910

Mr. Stanley Moore  
Legislative Services Office  
(919) 733-4910

**Clerk:** Ms. Lillie Pearce  
(919) 733-5853 (O)  
(919) 876-3484 (H)

**LRC Member:** Rep. Aaron E. Fussell

## APPENDIX C

### LIST OF PERSONS APPEARING BEFORE THE COMMITTEE

Mr. Richard V. Lee, Director, Office of State Personnel

Mr. G. C. Davis, Assistant Director, Office of State Personnel

Mr. Drake Maynard, Agency Legal Specialist, Office of State Personnel

Mr. George Misoyianis, Director, State WISE Program, Office of State Personnel

Mr. John Oshoa, Legislative Officer, Onslow Veterans Council

Mr. E. T. Townsend, Commander, North Carolina Veterans Council

Mr. Durward (Butch) Gunnells, Executive Director, State Employees Association of North Carolina

Dr. O. Dale Williams, Ph.D., Director, UNC Center for Health Promotion Disease Prevention

Ms. Sally Herndon-Malek, M.P.H., Program Director, Health Promotion and Disease Prevention, Department of Human Resources

Dr. Bruce A. Dalton, M.D., M.P.H., Director Health and Safety, Northern Telecom Incorporated Integrated Network Systems

Ms. Bobbie Staten, Director, Rex Hospital Wellness Center

Mr. David DeVries, Executive Administrator, State of N. C. Teachers' and State Employees' Comprehensive Major Medical Plan

Mr. Don Cummings, Personnel Director, Department of Human Resources

Ms. Susan Stamper, R.N., M.S.N., Wellness Coordinator, Appalachian State University

Ms. Sandy Tyndall, State WISE Program, Office of State Personnel

Ms. Michelle Bergeron, Regional Sales Manager, Johnson & Johnson Health Management

Mr. Ronnie Condrey, Personnel Office, Department of Insurance

Mr. Sam Connally, Assoc. Personnel Director, UNC Wilmington

Ms. Margaret Hayden, Asst. State Superintendent for Legislative Services, Department of Public Instruction

Ms. Judy Clark, Vice President NCNB Corp. Personnel

Ms. Lillie Holmes, Personnel Director, Catawba County

Mr. Edwin Barnes, Deputy State Treasurer and Director of Retirement Systems  
Division, Department of State Treasurer

Mr. William D. Petasnick, Director of Operations, N. C. Memorial Hospital

Mr. Eric Munson, Executive Director, N. C. Memorial Hospital

Ms. Janet Wilson, Chairman, Personnel Commission for Public School Employees

Mr. Pat McNeill, BB&T

Ms. Suzanne Gavis, BB&T

Mr. Thomas J. Cavanaugh, Gabriel, Roeder, Smith & Company, North Port, New  
York

Mr. Jim Geigor, VISTA Management Co., Tallahassee, Florida

Mr. John Brinkhous, Director of Compensation, Duke University

## APPENDIX D

### PERSONS WHO WERE MAILED NOTICE OF THE COMMITTEE'S MEETINGS

Mr. G.C. Davis, Asst. Dtr.  
Office of State Personnel  
16 W. Jones Street  
Raleigh, NC 27611  
(919) 733-7108  
Administration Building

Rep. Nick Jeralds  
Chairman Comm. on Military & Veterans Affairs  
319 Jasper St.  
Fayetteville, NC 28301  
(919) 488-3542

Mr. Chris G. Hoke, Attorney  
Office of Legal Assistance  
NC Division of Health Services  
Box 2091  
Raleigh, NC 27602  
(919) 733-3131  
Cooper Building

Ms. Celeste B. Dean  
Research Associate  
Governor's Advocacy Council  
on Children & Youth  
121 W. Jones St.  
Raleigh, NC  
(919) 733-9296  
Elks Building

NC Division of Veterans Affairs  
Mr. Charles Beddingfield, Asst. Sec.  
227 E. Edenton St.  
Raleigh, NC 27601  
(919) 733-3851  
Heart of Raleigh Motel

Veterans Affairs of NC  
District Veterans Service Office  
Mr. Romie Eason, Service Officer  
317 W. Jones St.  
Raleigh, NC 27603  
(919) 733-7042

American Legion  
Department Headquarters  
Ms. Vickie Stancil/Mr. Keith Sink  
PO Box 26657  
Raleigh, NC 27611

Veterans of Foreign Wars  
State Headquarters  
Mr. Cleve Cox  
917 New Bern Avenue  
Raleigh, NC 27611  
(919) 828-5058

Disabled American Veterans of NC  
Mr. Jim Gibson  
PO Drawer 28146  
Raleigh, NC 27611  
(919) 833-5567

Mr. R.D. McMillan  
UNC Administration  
PO Box 2688  
Chapel Hill, NC 27514

Senator Thomas F. Taft  
Chairman Comm. on State Personnel  
PO Box 588  
Greenville, NC 27834

Office of the Governor  
State Capitol  
Raleigh, NC 27611  
(919) 733-4240  
Capitol Square

Mr. Butch Gunnells  
State Employees Association of NC  
PO Drawer 27727  
Raleigh, NC 27611  
(919) 833-6436

Mr. David Devries  
Executive Adm.  
State of NC Comprehensive Major  
Medical Plan  
4505 Creedmore Road, Suite 317  
Raleigh, NC 27612

Mr. Sam Johnson  
Attorney at Law  
PO Box 1776  
Raleigh, NC 27602

Mr. Amos Mitchell  
AMVETS  
3910 Montreat Court  
Raleigh, NC 27609

Mr. Tommy Townsend  
Commander, NC Veterans Council  
PO Box 3928  
Wilmington, NC 28406

Mr. Ron Condrey  
Personnel Officer  
NC Department of Insurance  
Dobbs Building

Mr. William C. Deal, Jr.  
Asst. Sec. for Adm.  
DOT  
Highway Building

Mr. Philip K. Powell  
Personnel Office  
Department of Agriculture  
Agriculture Building

Mr. Paul Lawler  
PO Box 990  
Raleigh, NC 27602  
(919) 782-5877

Ms. Dianne Martin  
NC Equity  
302 Jefferson St., Suite 200  
Raleigh, NC 27605  
(919) 833-4055

Mr. Jack H. Gunnells  
University Personnel Director  
101 Battle Hall  
Chapel Hill, NC 27599-2040  
(919) 962-3897

Dr. Georjean Stoodt  
Chief, Adult Services Section  
Division Health Services  
DHR  
(919) 733-7081  
St. Mary's St. Building

Mr. Jack Stone  
UNC  
Employment Division  
University Personnel Dept.  
Chapel Hill, NC 27599-1040

Ms. Michelle Bergeron  
c/o Wallace Anderson  
2915 Roxburgh Drive  
Raswell, GA 30076

Mr. Glenn L. Cobb  
Director Office of Boards, Commissions  
and Legislative Affairs  
NC DHR  
Room 437  
733-2175  
Albemarle Building

Ms. Jennifer Martin  
Assistant Director  
Office of Legal Affairs  
Room 480  
Albemarle Building

J. Thurston Arledge  
149 Vineyard Road  
Tryon, NC 28782  
(704) 859-5533

Sally Herndon Malek  
Adult Health Services, DHR  
1330 St. Mary's St.

Mr. John Oshoa  
Leg. Officer  
Onslow Veterans Council  
304 Holly Lane  
Swansboro, NC 28584

Ivan V. Hill  
Personnel Administrator  
Administrative Office of the Courts  
PO Box 2448  
Raleigh, NC 27602  
733-3308  
Justice Building



APPENDIX E

GENERAL ASSEMBLY OF NORTH CAROLINA  
1987 SESSION  
RATIFIED BILL

CHAPTER 1064  
HOUSE BILL 1133

AN ACT TO STRENGTHEN THE PREFERENCE TO BE ACCORDED VETERANS FOR  
STATE EMPLOYMENT.

The General Assembly of North Carolina enacts:

Section 1. Chapter 126 of the General Statutes is amended by adding a new Article after Article 12 to read:

"Article 13.

"Veteran's Preference.

"§ 126-80. Declaration of policy.--It shall be the policy of the State of North Carolina that, in appreciation for their service to this State and this country during a period of war, and in recognition of the time and advantage lost toward the pursuit of a civilian career, veterans shall be granted preference in employment for positions subject to the provisions of this Chapter with every State department, agency, and institution.

"§ 126-81. Definitions.--As used in this Article:

(1) 'A period of war' includes World War I (April 16, 1917, through November 11, 1918), World War II (December 7, 1941, through December 31, 1946), the Korean Conflict (June 27, 1950, through January 31, 1955), the period of time between January 31, 1955, and the end of the hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or engagement for which a campaign badge or medal is authorized by the United States Department of Defense.

(2) 'Veteran' means a person who served in the Armed Forces of the United States on active duty, for reasons other than training, and has been discharged under other than dishonorable conditions.

(3) 'Eligible veteran' means:

- a. A veteran who served during a period of war; or
- b. The spouse of a disabled veteran; or
- c. The surviving spouse or dependent of a veteran who dies on active duty during a period of war either directly or indirectly as a result of such service; or
- d. A veteran who suffered a service-connected disability during peacetime; or
- e. The spouse of a veteran described in subdivision d. of this subsection; or

- f. The surviving spouse or dependent of a person who served in the Armed Forces of the United States on active duty, for reasons other than training, who died for service-related reasons during peacetime.

"§ 126-82. State Personnel Commission to provide for preference.--(a) The State Personnel Commission shall provide that in evaluating the qualifications of an eligible veteran against the minimum requirements for obtaining a position, credit shall be given for all military service training or schooling and experience that bears a reasonable and functional relationship to the knowledge, skills, and abilities required for the position.

(b) The State Personnel Commission shall provide that if an eligible veteran has met the minimum requirements for the position, after receiving experience credit under subsection (a) of this section, he shall receive experience credit as determined by the Commission for additional related and unrelated military service.

(c) The State Personnel Commission may provide that in reduction in force situations where seniority or years of service is one of the considerations for retention, an eligible veteran shall be accorded credit for military service.

(d) Any eligible veteran who has reason to believe that he or she did not receive a veteran's preference in accordance with the provisions of this Article or rules adopted under it may appeal directly to the State Personnel Commission.

(e) The willful failure of any employee subject to the provisions of Article 8 of this Chapter to comply with the provisions of this Article or rules adopted under it constitutes personal misconduct in accordance with the provisions and promulgated rules of this Chapter, including those for suspension, demotion, or dismissal.

"§ 126-83. Exceptions.--Notwithstanding G.S. 126-5, and notwithstanding provisions in that section that only certain Articles of this Chapter apply to some employees, this Article applies to all persons covered by this Chapter except those exempted by G.S. 126-5(c) (2), G.S. 126-5(c)(3), G.S. 126-5(c)(4), G.S. 126-5(c1), G.S. 126-5(c2), or G.S. 126-5(c3), but this Article does not apply to those persons covered by G.S. 126-5(a)(2)."

Sec. 2. G.S. 128-15 reads as rewritten:

"§ 128-15. Employment preference for veterans and their spouses or surviving spouses.--(a) It shall be the policy of the State of North Carolina that, in appreciation for their service to this State and this country during a period of war, and in recognition of the time and advantage lost toward the pursuit of a civilian career, veterans shall be granted preference in employment with every State department, agency, and institution.

(b) As used in this section:

- (1) 'A period of war' includes World War I (April 16, 1917, through November 11, 1918), World War II (December 7, 1941, through December 31, 1946), the Korean Conflict (June 27, 1950, through January 31, 1955), the period of time between January 31, 1955,

and the end of the hostilities in Vietnam (May 7, 1975), or any other campaign, expedition, or engagement for which a campaign badge or medal is authorized by the United States Department of Defense.

(2) 'Veteran' means a person who served in the Armed Forces of the United States on active duty, for reasons other than training, and has been discharged under other than dishonorable conditions.

(3) 'Eligible veteran' means:

- a. A veteran who served during a period of war; or
- b. The spouse of a disabled veteran ; or
- c. The surviving spouse or dependent of a veteran who dies on active duty during a period of war either directly or indirectly as the result of such service; or
- d. A veteran who suffered a disabling injury for service-related reasons during peacetime; or
- e. The spouse of a veteran described in subdivision d. of this subsection; or
- f. The surviving spouse or dependent of a person who served in the Armed Forces of the United States on active duty, for reasons other than training, who dies for service-related reasons during peacetime.

(c) Hereafter, in all evaluations of applicants for positions with this State or any of its departments, institutions or agencies, a preference shall be awarded to all eligible veterans who are citizens of the State and who served the State or the United States honorably in either the army, navy, marine corps, nurses' corps, air corps, air force, coast guard, or any of the armed services during a period of war.

(d) The provisions of this section shall be subject to the provisions of Article 1 of Chapter 165 of the General Statutes, and Parts 13 and 19 of Article 9 of Chapter 143B of the General Statutes."

Sec. 3. G.S. 126-5(a) reads as rewritten:

"(a) The provisions of this Chapter shall apply to:

- (1) All State employees not herein exempt, and
- (2) To all employees of area mental health, mental retardation, substance abuse authorities, and to employees of local social services departments, public health departments, and local emergency management agencies that receive federal grant-in-aid funds; and the provision of this Chapter may apply to such other county employees as the several boards of county commissioners may from time to time determine."

Sec. 4. G.S. 128-15.1 is repealed.

Sec. 5. This act shall become effective October 1, 1988.

In the General Assembly read three times and ratified this the 7th day of July, 1988.

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Robert B. Jordan III  
President of the Senate

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Liston B. Ramsey  
Speaker of the House of Representatives

# APPENDIX F

| <u>Tax Free<br/>State</u> | <u>Cafeteria<br/>Benefits</u> | <u>Style Benefits</u> | <u>Benefits Notes</u>  | <u>Wellness<br/>Program</u> | <u>Wellness<br/>Notes</u>  |
|---------------------------|-------------------------------|-----------------------|--|-----------------------------|----------------------------|
| Alabama                   | No                            | No                    | Cafeteria benefits under study   | No                          |                            |
| Alaska                    | -                             | Yes                   | Full cafe plan eff. 2/90   | No                          |                            |
| Arizona                   | No                            | No                    |  |                             |                            |
| Arkansas                  | No                            | No                    |  | No                          |                            |
| California                | Yes                           | -                     | "Flex plan" available to a manager or supervisor whose spouse's medical insurance covers him/her | No                          | Under study                |
| Colorado                  | -                             | Yes                   | To become effective 1/89   |                             |                            |
| Connecticut               | No                            | No                    |  | No                          |                            |
| Delaware                  | Yes                           | Yes                   | Both plans available only to Educ. Systems   | No                          |                            |
| Florida                   | Yes                           | Yes                   | Converting from flexible plan to cafe plan by 1989   | No                          | On job site physical exams |
| Georgia                   | -                             | Yes                   |  | Yes                         | In early stages            |
| Hawaii                    | Yes                           | -                     |  | No                          |                            |
| Idaho                     | No                            | No                    | Legislative study recommended against  | No                          | Statewide (Began 1984)     |

|               |     |     |  |     |  |
|---------------|-----|-----|--|-----|--|
| Illinois      | -   | Yes | Not Statewide                            | Yes | Now only some State Agencies have returned                                   |
| Indiana       | No  | No  | Beginning to consider                    | Yes | Pilot program only   |
| Iowa          | No  | No  | Program plan to begin 1989               | No  | (Optional course offered)  |
| Kansas        | Yes | -   |  | Yes |  |
| Kentucky      | Yes | -   |  | Yes | Only available on State capitol  |
| Louisiana     | Yes | -   |  | No  |  |
| Maine         | No  | No  |  | Yes |  |
| Maryland      | -   | Yes |  | Yes | Recently expanded  |
| Massachusetts | Yes | -   | Limited to dependent care benefit        | Yes | Limited to smoking cessation program (Most HMO's include wellness component) |
| Michigan      | Yes | Yes | care plan to become effective early 1989 | Yes |  |
| Minnesota     | Yes | -   |  | Yes | Expanding to Statewide program   |

|                |     |     |   |     |   |
|----------------|-----|-----|---|-----|---|
| Mississippi    | -   | Yes | Not Statewide at this point since 7/88 each agency has option   | No  |   |
| Missouri       | -   | Yes | Effective 7/88  | No  |   |
| Montana        | Yes | -   |   | Yes |   |
| Nebraska       | Yes | -   | To become effective 1/89  | Yes |   |
| Nevada         | Yes | -   | Limited to deferred compensation benefit plan   | Yes | At present limited to smoking cessation; hope to expand |
| New Hampshire  | No  | No  | Currently considering going to cafe plan  | No  |   |
| New Jersey     | Yes | -   |   | No  |   |
| New Mexico     | Yes |     |   | Yes | Pilot program   |
| New York       | -   | Yes | To become eff. 1/89 - only health insurance options available at present; hope to increase benefits available | Yes |   |
| North Carolina | Yes | -   |   | Yes |   |

|                |     |     |     |  |
|----------------|-----|-----|-----|--|
| North Dakota   | Yes | -   | No  | Ended program<br>7/87 due to cost  |
| Ohio           | Yes | -   | Yes |  |
| Oklahoma       | No  | No  | No  | 2 universities have flexible<br>benefits considering going<br>Statewide            |
| Oregon         | Yes | Yes | No  | Converting to full cafe<br>plan by 11/89   |
| Pennsylvania   | No  | No  | No  | Flexible benefits are offered<br>thru union contracts                              |
| Rhode Island   | Yes | -   | No  | To free benefits limited to<br>deferred comp. effective 1/89                       |
| South Carolina | -   | Yes | Yes | Effective 1/89   |
| South Dakota   | -   | Yes | Yes | Effective approx. 1/89   |
| Tennessee      | -   | Yes | No  |  |
| Texas          | -   | Yes | No  | Effective 9/1/88   |
| Utah           | No  | No  | Yes | Only agency by<br>agency<br><br>Can use 30 min.<br>extra for lunch<br>3 times/week |



|               |    |     |     |                           |
|---------------|----|-----|-----|---------------------------|
| Vermont       | No | No  | Yes | To be expanded<br>in 1990 |
| Virginia      | No | No  | Yes |                           |
| Washington    | No | No  | Yes |                           |
| West Virginia | No | No  | Yes | In initial<br>stages      |
| Wisconsin     | -  | Yes | No  |                           |
| Wyoming       | No | No  | No  | Under<br>consideration    |



GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

H

D

HOUSE JOINT RESOLUTION 89W-LD-16  
(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

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Sponsors:

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Referred to:

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1 A JOINT RESOLUTION TO CONTINUE AS AN ONGOING STUDY THE STUDY OF  
2 THE STATE PERSONNEL SYSTEM.

3 Whereas, the current State Personnel System was  
4 established in 1965; and

5 Whereas, it is the policy of North Carolina, as set  
6 forth in G.S. 126-1, to provide a personnel system that applies  
7 the best methods that have evolved in government and industry;  
8 and

9 Whereas, there have been significant changes in the area  
10 of personnel since 1965; and

11 Whereas, there was no comprehensive study of the  
12 personnel system until 1985; and

13 Whereas, the Legislative Research Commission's Committee  
14 on State Personnel as begun under Chapter 790 of the 1985 Session  
15 and continued under Chapter 873 of the 1987 Session should be an  
16 ongoing study and should continue to examine the entire range of  
17 personnel problems and needs of State employees;

18 Now, therefore, be it resolved by the House of Representatives,  
19 the Senate concurring:

20 Section 1. The Legislative Research Commission, as  
21 structured by Article 6B of Chapter 120 of the General Statutes,

1 may continue as an ongoing study the study of the State Personnel  
2 System, as well as the entire range of personnel problems of  
3 State employees.

4           Sec. 2. The Commission shall report its findings and  
5 recommendations, including recommendations for needed  
6 legislation, to the 1991 General Assembly and may submit an  
7 interim report to the 1989 General Assembly (1990 Regular  
8 Session).

9           Sec. 3. This resolution is effective upon ratification.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

H

D

89-LDQ-023

(THIS IS A DRAFT AND NOT READY FOR INTRODUCTION)

Short Title: State WISE Program Funds.

(Public)

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Sponsors: .

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Referred to:

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1 A BILL TO BE ENTITLED

2 AN ACT TO APPROPRIATE FUNDS TO SUPPORT THE STATE W.I.S.E.  
3 (WELLNESS IMPROVEMENT FOR STATE EMPLOYEES) PROGRAM.

4 The General Assembly of North Carolina enacts:

5 Section 1. There is appropriated from the General Fund  
6 to the Office of State Personnel, Department of Administration,  
7 the sum of seventy-one thousand seven hundred thirty dollars  
8 (\$71,730) for the 1989-90 fiscal year and the sum of one hundred  
9 four thousand nine hundred four dollars (\$104,904) for the  
10 1990-91 fiscal year to support the State WISE (Wellness  
11 Improvement for State Employees) Program.

12 Sec. 2. This act shall become effective July 1, 1989.











